

Kissel & Pesce LLP

Attorneys at Law

555 White Plains Road
Tarrytown, New York 10591

Telephone (914) 750-5933
Facsimile (914) 750-5922

March 27, 2006

**VIA E-MAIL AND
FIRST CLASS MAIL**

Alan Wolper
Sutherland Asbill & Brennan
999 Peachtree Street, NE
Atlanta, GA 30309-3996

Re: Securities Broker/Dealer Professional Liability Insurance
Insured: Sterling Financial Investment Group, Inc.
Policy Ref.: FD0504362
Policy Period: May 24, 2005-2006
Policy Limits: \$1 million any one Loss and \$2 million in the aggregate
excess of a \$100,000 each and every Claim retention
(includes Defense Costs)
Claimant: Howard and Diana Frank
Our File No.: 40117.00045

Dear Mr. Wolper:

Kissel & Pesce represents the interests of certain London Underwriters ("Underwriters") who provide Sterling Financial Investment Group, Inc. ("Sterling") with claims made and reported Securities Broker/Dealer Professional Liability Insurance for the above-referenced period. We have recommended that Sterling retain the services of your firm to defend the arbitration proceeding instituted by Howard and Diana Frank ("Frank") against Sterling filed with the National Association of Securities Dealers in Florida.

On or about January 4, 2006, the Franks filed a Statement of Claim alleging three (3) causes of action: (1) breach of fiduciary duty; (2) negligence; and (3) negligent supervision. The Franks seeks damages in the range of \$100,000 to \$500,000, plus punitive damages; a reasonable return on their retirement capital; interest; attorney's fees and costs.

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Kissel & Pesce LLP

Mr. Alan Wolper, Esq.

March 27, 2006

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It is our understanding that Sterling's answer is currently due on March 30, 2006 and that your firm may secure an extension of time. Please advise if you have received an extension of time. In any event, please provide us with a draft of your prepared answer before filing.

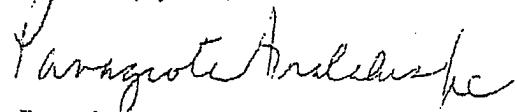
Enclosed, please find defense counsel guidelines. Please review, sign and return the signature page of the guidelines to us at your earliest convenience. As noted in the guidelines, we ask that this office be kept apprised of all communications concerning settlement or other significant developments with claimants and/or their representative(s). Furthermore, please note that Underwriters have agreed to your representation of Sterling in this matter at the rate of \$375 per hour for partners, and \$250-\$275 per hour for associates.

Please be advised that the subject policy provides for a \$100,000 self-insured retention, which Sterling must satisfy. Please be aware that while Underwriters' obligations to pay costs and fees are not triggered until the retention is exhausted, we reserve Underwriters' right to audit and adjust costs and fees incurred within the retention. Therefore, we request that you direct all invoices to Sterling (with a copy to us) until the retention is exhausted. However, should you encounter any problems collecting payment of your bills from Sterling, or should Sterling advise you that they are unable to pay your fees, please contact us. Please be aware that these instructions are not intended to constitute a waiver of or otherwise prejudice Underwriters' rights under the policy, applicable law or in equity.

Finally, please provide us with an estimated defense costs budget through the arbitration hearing.

We look forward to working with you on this matter. Please do not hesitate to contact us with any questions or comments that you may have.

Very truly yours,


Panagiota Ainalakis

cc: Cristina Avila (Sterling, via e-mail only, w/o enclosures)
Jeffrey Hirsch, Esq.

EXHIBIT D

Penny Ainalakis-Barone

From: P Ainalakis [painaialakis@kphwlaw.com]
Sent: Friday, January 12, 2007 3:43 PM
To: 'pt@triawoffice.com'
Cc: 'Alan.Wolper@sablaw.com'; 'ellen.cohen@sablaw.com'; jeff hirsch (jhirsch@kphwlaw.com)
Subject: KP 40117.00045 Sterling Financial/Frank
Sensitivity: Confidential

Tracking:	Recipient	Read
	'pt@triawoffice.com'	
	'Alan.Wolper@sablaw.com'	Read: 1/12/2007 3:53 PM
	'ellen.cohen@sablaw.com'	Read: 1/12/2007 3:42 PM
	jeff hirsch (jhirsch@kphwlaw.com)	

Re: Securities Broker/Dealer Professional Liability Insurance
Insured: Sterling Financial Investment Group, Inc.
Policy Ref.: FD0504362
Policy Period: May 24, 2005-2006
Policy Limits: \$1 million any one Loss and \$2 million in the aggregate excess of a \$100,000 each and every Claim retention (includes Defense Costs)
Claimants: Howard and Diana Frank
Our file no.: 40117.00045

Dear Peter:

Defense counsel, Sutherland Asbill, have notified us that the Franks have backed away from today's scheduled mediation based on Sterling's failure to come up with enough cash to fund a settlement. Sterling's actions are troublesome. From what we have seen in recent e-mail chains, it seems that claimants previously agreed to mediate at all based on your representations that Sterling would have cash available for settlement purposes. Please explain Sterling's strategy, if any.

Prior to mediation, defense counsel valued the Frank matter at \$20,000-\$25,000. Sutherland's incurred costs and fees are approximately \$50,000 (excluding what's been incurred in preparing for mediation). In sum, this case does not present any exposure to the policy, and Sterling had an opportunity to settle the case within the self-insured retention amount of \$100,000, *inclusive of* defense costs. As we've previously advised, this retention amount applies to each "Claim" and is Sterling's responsibility to pay.

The opportunity to settle the Frank matter within Sterling's self-insured retention has been jeopardized by your/Sterling's failure to hold cash in reserve for this matter as previously promised to claimants. Moreover, we are not entirely clear about the reserves Sterling was required to maintain following the VFinance transaction.

Sutherland Asbill have incurred additional costs to prepare for a mediation that has now been cancelled, allegedly due to Sterling's conduct. The insurers will not permit any of those costs to apply against the applicable self-insured retention.

This e-mail is intended to supplement previous correspondence to you and Sterling. Nothing in this e-mail is intended to waive or limit any of the Insurers' rights under the policy or under applicable law. All rights are hereby reserved.

Very truly yours,
Penny

Panagiota Ainalakis-Barone

Kissel Pesce Hirsch & Wilmer LLP

* Please note the new firm name, address and e-mail address

580 White Plains Rd.
Tarrytown, NY 10591

direct tel: 914.733.7771
main tel: 914.750.5933
main fax: 914.750.5922

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EXHIBIT E

Kissel & Pesce LLP

Attorneys at Law

555 White Plains Road
Tarrytown, New York 10591

Telephone (914) 750-5933
Facsimile (914) 750-5922

September 20, 2006

CONFIDENTIAL

**VIA E-MAIL AND CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Cristina Avila
Sterling Financial Investment Group, Inc.
1200 North Federal Highway, Suite 400
Boca Raton, Florida 33432

Re: Securities Broker/Dealer Professional Liability Insurance
Insured: Sterling Financial Investment Group, Inc.
Policy Ref.: SF403040X
Policy Period: May 9, 2004-May 9, 2005
Policy Limits: \$1 million/\$2 million in the aggregate, including
Defense Costs excess of a \$100,000 retention
(includes Defense Costs)
Subject: *Roger Wheeler and Paul Wheeler under the power
of attorney for Roger Wheeler and Mary Wheeler as
Joint Tenants v. Sterling Financial Investment
Group, Inc., et al.*
Our File No. 40117.00034

Dear Cristina:

It has now been more than thirty days since our August 1, 2006 letter (enclosed), which advised, among other things, that "Sterling shall have until 30 days from receipt of this letter to agree to [a] Settlement Opportunity [in the Wheeler matter]. If Sterling does not agree, Underwriters will withdraw from the further defense of the Wheeler matter."

Because Sterling did not agree to settle the Wheeler matter, we hereby advise Sterling that Underwriters further invoke the terms of Section I.C.2. of the Policy and withdraw coverage, including the defense, of this matter. Such withdrawal is effective immediately.

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Kissel & Pesce LLP

Ms. Avila

September 20, 2006

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We invite you to contact us with any questions you may have regarding the contents of this letter.

Very truly yours,



Jeffrey Hirsch

cc: Charles Garcia (*via* e-mail only)
Peter Tictin, Esq. (*via* e-mail only)
Safeonline (*via* e-mail only)
Panagiota Ainalakis, Esq.

EXHIBIT F

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September 20, 2006

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**VIA E-MAIL AND CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Cristina Avila
Sterling Financial Investment Group, Inc.
1200 North Federal Highway, Suite 400
Boca Raton, Florida 33432

Re: Securities Broker/Dealer Professional Liability Insurance
Insured: Sterling Financial Investment Group, Inc.
Policy Ref.: FD0504362
Policy Period: May 24, 2005-2006
Policy Limits: \$1 M any one Loss/\$2 M in the aggregate, xs
\$100,000 each and every Claim retention
Claimants: Carmella Donnino
Our File No.: 40117.00035

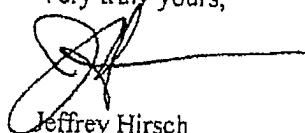
Dear Cristina:

It has now been more than thirty days since our August 1, 2006 letter (enclosed), which advised, among other things, that "Sterling shall have until 30 days from receipt of this letter to agree to [a] Settlement Opportunity [in the Donnino matter]. If Sterling does not agree, Underwriters will withdraw from the further defense of the Donnino matter."

Because Sterling did not agree to settle the Donnino matter, we hereby advise Sterling that Underwriters further invoke the terms of Section I.C.2. of the Policy and withdraw coverage, including the defense, of this matter. Such withdrawal is effective immediately.

We invite you to contact us with any questions you may have regarding the contents of this letter.

Very truly yours,



Jeffrey Hirsch

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